Methuen

41 Pleasant Street Suite 303 Methuen, MA 01844 Phone 978-983-8620 Fax 978-983-8972

Board Members

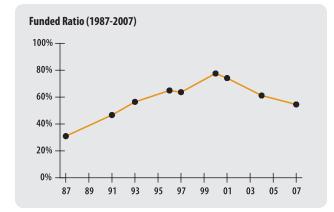
Thomas J. Kelly (Chairperson), Sharon Cutter, Robert J. DeLuca, Michael Hennessy, Albert J. Trott, III

Board Administrator

Terrylee Murphy

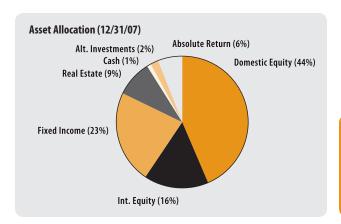
Board Meeting

Last Thursday of each month at 9:30 am



Investment Return (2003-2007, 5 Year and 23 Year Averages) 25% 20% 15% 10% 5% 0% 04 05 03-07 85-07 03 06 07

Asset Growth (1998-2007) (Market Value in Millions) \$90 \$80 \$70 \$60 \$50 \$40 \$30 \$20 \$10 \$0 99 01 03 05 07



ACTUARIAL

• Funded Ratio	54.6%
Date of Last Valuation	01/07
• Actuary	PERAC
Assumed Rate of Return	8.00%
Funding Schedule	4.5% Increasing
Year Fully Funded	2028
Unfunded Liability	\$66.5 M
Total Pension Appropriation (Fiscal 2008)	\$5.4 M

	Active	Retired
 Number of Members 	701	399
 Total Payroll/Benefit 	\$29.3 M	\$7.7 M
 Average Salary/Benefit 	\$41,700	\$19,200
• Average Age	45	72
 Average Service 	11.2 years	NA

INVESTMENT

Domestic Equity

- New Amsterdam Partners, LLC
- DCM Small Cap Equity Fund

International Equity

• Brandes International Equity Trust

Domestic Fixed Income

- Bradford & Marzec Strategic High Yield Portfolio
- Wells Capital Management Total Return Bond Fund

Real Estate

- RREEF America REIT II
- Sentinel Realty Partners IV

Alternative Investments

• BlackRock Diversified Private Equity Program III

Absolute Return

• PRIT

Consultant

Segal Advisors

Custodian

State Street

▶ 2007 Return	6.88%
▶ 2007 Target	8.50%
▶ 2007 Market Value	\$86.4 M
▶ 2003-2007 (Annualized)	10.60%
▶ 1985-2007 (Annualized)	9.18%